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## Canada

### Agricultural Situation

### This Week in Canadian Agriculture, Issue 41

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**Report Highlights:**

CWB Joins Federal, Alberta And Saskatchewan Governments To Appeal U.S. Wheat Decisions \* Alberta Wheat, Barley Producers Support End To CWB Monopoly \* CWB Export Estimates And Special Contracts For Alsen Wheat \* Canadian Durum Exports To U.S. Expected To Resume In Late Winter \* Manitoba Environment Commission Clears Way For Second Shift At Maple Leaf Brandon Plant \* Philippines Accepts Canadian Beef \* Statistics Canada Revises 2002/03 Canola Production Number \* CFIA Moves To Combat Spread Of Asian Long-Horned Beetle

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Includes PSD Changes: No  
Includes Trade Matrix: No  
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This Week in Canadian Agriculture is a weekly review of Canadian agricultural industry developments of interest to the U.S. agricultural community. The issues summarized in this report cover a wide range of subject matter obtained from Canadian press reports, government press releases, and host country agricultural officials and representatives.

*Disclaimer:* Any press report summaries in this report are included to bring U.S. readership closer to the pulse of Canadian developments in agriculture. In no way do the views and opinions of these sources reflect USDA's, the U.S. Embassy's, or any other U.S. Government agency's point of view or official policy.

**CWB JOINS FEDERAL, ALBERTA AND SASKATCHEWAN GOVERNMENTS TO APPEAL U.S. WHEAT DECISIONS:** The Canadian Wheat Board (CWB) announced that it has teamed up with the Government of Canada and the provincial governments of Saskatchewan and Alberta in an attempt to reverse the part of the recent U.S. International Trade Commission (ITC) ruling that has maintained anti-dumping and countervailing duties on Canadian exports of hard red spring wheat. The CWB and the governments filed the first papers in their appeal to a NAFTA panel on the finding that sales of Canadian hard red spring wheat into the U.S. during the period of investigation were unfairly subsidized. "By joining forces, we have a better chance of reducing the current tariffs of 14.15% on hard red spring wheat," said Ken Ritter, chair of the CWB's board of directors. Ritter said the joint action with the governments will complement the CWB's own appeal of the ITC decision to a NAFTA review panel on the finding that Canadian exports to the U.S. cause injury to American farmers. "At a minimum, our intent with this appeal is to have the tariffs completely eliminated, not just reduced. We're following a two-pronged approach to get some relief for Prairie farmers who have built a strong business relationship with U.S. millers," said Ritter. The CWB plans to file this notice of appeal on injury by November 24, 2003. The CWB is also working with the Canadian government to explore possible WTO challenges of all three rulings - the anti-dumping and countervailing duty rulings from the U.S. Department of Commerce and the injury ruling from the ITC. The CWB will not be appealing the anti-dumping ruling through a NAFTA review panel. Ritter also noted that the CWB would be meeting with farmers and farm organizations in the major wheat-producing states in an attempt to broaden the understanding of the CWB's operations and dispel persistent myths.

**ALBERTA WHEAT, BARLEY PRODUCERS SUPPORT END TO CWB MONOPOLY:** According to a news release from the Alberta provincial government, a poll conducted for the Alberta government proves farmers want marketing choice. The province-wide poll of Alberta farmers shatters Canadian Wheat Board claims of monopoly marketing support, says Deputy Premier and Minister of Agriculture, Food and Rural Development, Shirley McClellan. "Without a shadow of a doubt, the majority of Alberta wheat and barley growers want marketing choice for their grain," said McClellan. "We hear it every day from our producers. Now the Canadian Wheat Board can hear it loud and clear from them too." The Alberta government released results of an Ipsos-Reid poll, conducted in September and October 2003, which showed 68% of Alberta growers want the option to sell their barley to anyone, including the Canadian Wheat Board, while 64% of producers want the same option for wheat. Only a quarter of growers surveyed support single desk selling for both wheat and barley. McClellan said the survey showed wheat and barley producers believe marketing choice will give them better prices and greater market access. "We call on the federal government and the Canadian Wheat Board to immediately implement a grain marketing system for Alberta producers so that they can enjoy the same benefits as farmers in eastern Canada," said McClellan.

The agriculture minister said she plans to present the federal government with details of how a 10-year test open market for wheat and barley can benefit Alberta producers while maintaining the Canadian Wheat Board as an option for farmers. Legislation passed in 2002

enables the Minister to negotiate with the federal government and the Canadian Wheat Board on a test open market. "Our purpose is not to eliminate the Canadian Wheat Board," said McClellan. "Our aim is to grow our value-added industry by giving our producers the right to use their business savvy. If they can plan, plant, grow and harvest a crop, surely they can market it once their grain is in the bin. It must be their choice." The survey also showed support for marketing choice across all of the Canadian Wheat Board's electoral districts in the province. Full survey results are available on the Alberta government's website:

[http://www1.agric.gov.ab.ca/\\$department/deptdocs.nsf/all/agc6751/\\$FILE/marketing\\_choice\\_fall\\_report.pdf](http://www1.agric.gov.ab.ca/$department/deptdocs.nsf/all/agc6751/$FILE/marketing_choice_fall_report.pdf)

**CWB EXPORT ESTIMATES AND SPECIAL CONTRACTS FOR ALSEN WHEAT:** According to the November 7 edition of *Agriline*, the Canadian Wheat Board (CWB) expects to export 16 MMT of wheat and barley in 2003/04, versus 8.8 MMT in 2002/03. If this target is met, it will be 10-15% below the long-term average and similar to reduced levels seen in 2001/02. Wheat exports are projected at 11 MMT (5.60 MMT last season), durum 3 MMT (2.90 MMT), barley 2 MMT (310,000 tonnes). The CWB will be offering a one-time special contract program for the unregistered wheat variety Alsen in 2003/04 to clear remaining stocks. Alsen is a fusarium-resistant wheat variety developed by North Dakota State University. Its interim registration was not renewed this year because it did not meet milling standards for hard red spring (HRS) wheat, while kernel appearance conforms to that of milling grades. A special grade will be established at an initial payment of C\$126/tonne.

**CANADIAN DURUM EXPORTS TO U.S. EXPECTED TO RESUME IN LATE WINTER:** According to a November 3 *Farm Assist* article, Canadian durum exports to the U.S. are expected to pick up in late winter and early spring, although possibly at lower levels than in past years, industry sources say. Canada has not exported any durum to the U.S. since the 13.55% duty on durum wheat was imposed August 29, 2003 by the U.S. Commerce Department. "We're able to sell durum now into the U.S.," said Dwayne Lee, a wheat analyst with the Canadian Wheat Board. However, "just when that will occur depends on the market and buyers." The U.S. imports roughly 359,000 tonnes of Canadian durum on average, said Lee, who added that if the tariffs had stayed in place, Canada would have found other markets. The U.S. traditionally imports durum in late winter and early spring. On the world market, Canada has exported 1.118 MMT of durum to all destinations, as of October 26, 2003, compared to 792,500 tonnes a year ago, according to the Canadian Grain Commission. Canada exports 3.4 MMT of durum a year on average, the majority of which goes to North Africa. South America, the European Union and the U.S. are also noted customers for Canadian durum.

**MANITOBA ENVIRONMENT COMMISSION CLEARS WAY FOR SECOND SHIFT AT MAPLE LEAF BRANDON PLANT:** Earlier this month, the Manitoba Clean Environment Commission released its report on this summer's public hearing regarding the expansion of the City of Brandon's Industrial Wastewater Treatment Facility and Maple Leaf Foods Inc. hog processing plant alterations. The commission has recommended approval of the expansion of Brandon's treatment facility to accommodate waste from a second shift at the Maple Leaf plant. Maple Leaf's licence allowed for future expansion to a two-shift operation, but only pending improvements and approvals for the expansion of the Brandon treatment facility. The current speculation in the industry is that the Brandon plant will not begin a second shift until about the fall of 2004.

**PHILIPPINES ACCEPTS CANADIAN BEEF:** According to an article in the *Globe and Mail*, The Philippines has become the first market to open its borders to both bone-in and boneless beef from Canada following Canada's single case of bovine spongiform encephalopathy (BSE) in May, 2003. It would appear that the action is symbolic, in that total Canadian beef exports to the Philippines in 2002 were valued less than \$100,000. However, the

Canadian cattle industry is hoping that the Philippines decision will lead to the re-opening of other Asian markets. Two-way trade between Canada and the Philippines is strongly in favor of the Philippines, which exported \$709 million in merchandise to Canada last year (mostly electronics and textiles) while importing \$193 million worth of goods from Canada (mostly wheat and lumber).

**STATISTICS CANADA REVISES 2002/03 CANOLA PRODUCTION NUMBER:** According to a November 6 *Reuters* article, Statistics Canada revised its 2002/03 canola crop production estimates up by almost 17% from its season-ending estimate of 3.6 million metric tonnes (MMT) to 4.2 MMT. In a typical year, a Statistics Canada estimate would have to be revised by only 1.3 percent. "This has to be one of the biggest revisions we've made since I've been there," said Oliver Code, chief of the crops section of Statistics Canada, which has been recognized by the United Nations as the world's top statistical agency for accuracy. The statistical agency did not officially revise the number to 4.178 million tonnes until October 3, 2003, well after the marketing year ended. Code said a combination of factors produced the big revision. Severe drought in 2002 slashed crops in the main canola-growing regions of the Prairies, making it difficult for farmers to estimate supplies for Statistics Canada's telephone surveys, he said. As well, many farmers were still harvesting grain after surveyors phoned in early November, and there was confusion about how to report unharvested grain. Battered by two years of drought and small crops, farmers were also under extreme stress, making it difficult for surveyors to probe for answers, he said.

**CFIA MOVES TO COMBAT SPREAD OF ASIAN LONG-HORNED BEETLE:** The Canadian Food Inspection Agency (CFIA) has announced it will work with the municipal, and provincial levels of government to prevent the further spread of the Asian Long-horned Beetle (ALHB) infestation in Toronto. A program of selected tree cutting on public and private property will be combined with an effort to pursue emergency registration for new pesticides to help prevent the spread of the insect. According to the CFIA, the Asian Long-horned Beetle is one of three invasive forest pests that Canada is dealing with at this time. The other two are the Emerald Ash Borer in Essex County (Ontario), and the Brown Spruce Long-horned Beetle in Halifax (Nova Scotia). All three are serious pests. The CFIA's program to counter the Brown Spruce Long-horned Beetle is now in its fourth year of operation and the Agency reports good progress towards eradication. Following extensive surveys in Essex County, the CFIA will reportedly adopt strategies to control the spread of the Emerald Ash Borer, a pest which has already appeared in Michigan and Ohio. APHIS, the New York State Department of Agriculture and Markets and the New York City Department of Parks and Recreation have jointly participated in the Asian Longhorned Beetle Cooperative Eradication Program since the pest was initially discovered in New York in 1996.

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